

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Property Tax Code is amended by changing
5 Section 15-185 as follows:

6 (35 ILCS 200/15-185)

7 Sec. 15-185. Exemption for leaseback property and
8 qualified leased property.

9 (a) Notwithstanding anything in this Code to the contrary,
10 all property owned by a municipality with a population of over
11 500,000 inhabitants, a unit of local government whose
12 jurisdiction includes territory located in whole or in part
13 within a municipality with a population of over 500,000
14 inhabitants, or a municipality with home rule powers that is
15 contiguous to a municipality with a population of over 500,000
16 inhabitants, shall remain exempt from taxation and any
17 leasehold interest in that property shall not be subject to
18 taxation under Section 9-195 if the property is directly or
19 indirectly leased, sold, or otherwise transferred to another
20 entity whose property is not exempt and immediately thereafter
21 is the subject of a leaseback or other agreement that directly
22 or indirectly gives the municipality or unit of local
23 government (i) a right to use, control, and possess the

1 property or (ii) a right to require the other entity, or the
2 other entity's designee or assignee, to use the property in the
3 performance of services for the municipality or unit of local
4 government. Property shall no longer be exempt under this
5 subsection as of the date when the right of the municipality or
6 unit of local government to use, control, and possess the
7 property or to require the performance of services is
8 terminated and the municipality or unit of local government no
9 longer has any option to purchase or otherwise reacquire the
10 interest in the property which was transferred by the
11 municipality or unit of local government.

12 (b) Notwithstanding anything in this Code to the contrary,
13 all property owned by a municipality with a population of over
14 500,000 inhabitants, a unit of local government whose
15 jurisdiction includes territory located in whole or in part
16 within a municipality with a population of over 500,000
17 inhabitants, or a municipality with home rule powers that is
18 contiguous to a municipality with a population of over 500,000
19 inhabitants, shall remain exempt from taxation and any
20 leasehold interest in that property is not subject to taxation
21 under Section 9-195 if the property, including dedicated public
22 property, is used by a municipality or other unit of local
23 government for the purpose of an airport or parking or for
24 waste disposal or processing and is leased for continued use
25 for the same purpose to another entity whose property is not
26 exempt.

1 For the purposes of this subsection (b), "airport" does not
2 include any airport property, as defined under Section 10 of
3 the O'Hare Modernization Act.

4 Any transaction described under this subsection must be
5 undertaken in accordance with all appropriate federal laws and
6 regulations.

7 (c) For purposes of this Section, "municipality" means a
8 municipality as defined in Section 1-1-2 of the Illinois
9 Municipal Code, and "unit of local government" means a unit of
10 local government as defined in Article VII, Section 1 of the
11 Constitution of the State of Illinois. The provisions of this
12 Section supersede and control over any conflicting provisions
13 of this Code.

14 (d) Notwithstanding any provision of this Code to the
15 contrary, in the case of a healthcare facility that is located
16 within the cities of Rockford, Pontiac, Bloomington,
17 Galesburg, Monmouth, or Peoria, or located within 20 miles of
18 the municipal boundaries of any of those cities:

19 (1) if the property is owned by an entity that uses the
20 property as a healthcare facility and in such a manner that
21 the property is exempt from taxation under this Article 15,
22 then that property is exempt from real estate taxes, and
23 that exemption is not affected by any transaction in which
24 the entity, directly or indirectly, on or after the
25 effective date of this amendatory Act of the 97th General
26 Assembly, leases, sells, or otherwise transfers the

1 property to another entity for which or for whom property
2 is not exempt, with or without a right to repurchase that
3 property, and immediately after the lease or transfer
4 enters into a leaseback or other agreement that directly or
5 indirectly gives the initial entity a right to use,
6 control, and possess the property as a healthcare facility
7 in a manner that would qualify the property for a
8 non-homestead real estate tax exemption pursuant to this
9 Article 15 by virtue of its use; or

10 (2) if, on or after the effective date of this
11 amendatory Act of the 97th General Assembly, an entity
12 leases such new or existing healthcare facility property
13 from another for purposes that would be exempt under this
14 Article 15, that property is exempt from real estate taxes
15 for the term of the lease, or any extension thereof,
16 without regard to the nature or character of ownership and
17 shall be treated for purposes of this Article 15 as if the
18 lessee were the owner of the property, as long as the
19 property on which the leased improvements are or will be
20 located is used as a healthcare facility pursuant to that
21 lease or any renewal thereof.

22 For the purposes of this subsection (d), "healthcare
23 facility" has the same meaning as provided in Section 10 of the
24 Smoke Free Illinois Act.

25 (e) Substantially all of the funds received from the
26 conveyance of property subject to a leaseback agreement as

1 described in subsection (d) of this Section must be used for
2 capital improvement projects and related capital expenditures
3 and all funds raised shall be used within the State of
4 Illinois.

5 (f) To the extent allowable by law, all construction
6 projects using the provisions of subsection (d) above shall be
7 subject to the provisions of the Illinois Prevailing Wage Act
8 for the initial construction of the improvements and all
9 bidders for those projects shall comply with the provisions of
10 Section 30-22 of the Illinois Procurement Code.

11 (g) Project labor agreements for the construction projects
12 referenced in subsection (f) above shall be required.

13 (Source: P.A. 96-779, eff. 8-28-09.)

14 Section 97. Savings clause. If any provision of this Act or
15 its application to any person or circumstance is held invalid
16 by any Court of competent jurisdiction or any federal or State
17 government agency having jurisdiction over the subject matter
18 of this Act, the invalidity of that provision or application
19 does not affect any other provisions or applications of this
20 Act that can be given effect without the invalid provision or
21 application which are severable under Section 1.31 of the
22 Statute on Statutes.

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.